

**GOVERNMENT OF TELANGANA**  
**ABSTRACT**

Irrigation & CAD Department - Kaleshwaram Irrigation Project Corporation Limited - Borrowing Term Loan of Rs.660.00 Crores as Dena Bank share in the consortium of Nationalized commercial banks out of Rs.7400.00 Crores including IDC for implementation of part of Link-I of Kaleshwaram Project – Permission accorded – Orders issued.

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**IRRIGATION AND CAD (Projects-IV) DEPARTMENT**

**G.O.Rt.No.75**

**Dated:09-02-2017**

**Read the following:-**

1. G.O.Ms.No.145, I&CAD (Projects-II) Department, Dt.06-10-2015.
2. From the Assistant General Manager, Dena Bank, Bank Street Branch, Hyderabad, Lr.No. DB/BSH/KIPCL/2017, dt.04-02-2017.
3. From the Engineer-in-Chief (Irrigation), Hyderabad, Lr.No.ENC(I)/DCE(I)/OT2/AEE 20/KPDC/2017, Dt.08-02-2017.

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**ORDER:-**

In the reference 1<sup>st</sup> read above, the Government have issued orders constituting the Kaleshwaram Irrigation Project Corporation (KIPC) to plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Kaleshwaram Project.

2. In the reference 3<sup>rd</sup> read above, the Engineer-in-Chief (Irrigation), Hyderabad has stated that the Chief Engineer, Kaleshwaram Project, Hyderabad has informed that the Andhra Bank, Hyderabad, in their Lr. No. 1006/01/KIPCL/966, Dt: 14.12.2016, has agreed to be the lead bank of consortium for sanction of term loan of Rs.7400.00 crores (including IDC) under consortium banking arrangement to Kaleshwaram Irrigation Project Corporation for implementation of part of Link-I (Medigadda barrage on Godavari river to Sripada Yellampally Project). He further stated that the Chief Engineer Kaleshwaram Project, Hyderabad has informed that a joint meeting of officials of State Government of Telangana and Bankers was held at Head Office Building, Andhra Bank, Hyderabad on 07-02-2017 to discuss about the sanctions made by banks for M/s Kaleshwaram Irrigation Project Corporation Limited to finance part of Link-1 of the Kaleshwaram Project and for Financial Closure, documentation and disbursement. All the member banks agreed that Andhra Bank would be lead bank of the consortium and confirmed that all their sanction terms and conditions are the same as Andhra Bank sanction Terms and conditions.

3. Dena Bank, a member Bank in the consortium, has sanctioned a Term Loan of Rs.660.00 crores as its share in the total loan of Rs.7400.00 Crores. Dena Bank while enclosing terms and conditions has informed that 20% margin money i.e., Rs.165.00 crores against its share of the loan, has to be borne by the State Government. They have also requested the Kaleshwaram Irrigation Project Corporation to give acceptance for the terms and conditions as Annexed.

4. The Kaleshwaram Irrigation Project Corporation (KIPC) has submitted the proposals to Andhra Bank led Consortium for implementation of Part of Link-I of the Kaleshwaram Project for Rs.9250 Cr. including IDC (out of the total Link I project cost of Rs.17500.00 Cr. including IDC) and requested for sanction of Term Loan for Rs.7400 crores (Including IDC). The Dena Bank, Hyderabad has forwarded the loan sanction letter for term loan for implementation of Part of the above Link I under Kaleshwaram Project, for an amount of Rs.660.00 crores as its share in the consortium along with terms and conditions for acceptance of the competent authority.

5. Based on the request of the KIPC, the Engineer-in-Chief (Irrigation), Hyderabad has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with the Dena Bank.

6. Government after careful consideration of the matter, hereby accord permission to the Kaleshwaram Irrigation Project Corporation (KIPC) to borrow the Loan amount of Rs.660.00 Crores (Rupees Six Hundred and Sixty Crores Only) from Dena Bank as term loan as its share in loan amount of Rs.7400.00 Crores for implementation of part of Link-I of Kaleshwaram Project subject to the terms and conditions annexed to this order. The Government of Telangana will

stand guarantee for repayment of loan taken from Dena Bank covering principal and interest. The State margin money (i.e., 20% of the Project Cost) of Rs.165.00 Crores (Rupees One Hundred and Sixty Five Crores Only) including IDC will be met by the Government of Telangana through Budgetary support.

7. The Kaleshwaram Irrigation Project Corporation Limited will pay the Guarantee Commission @ 2% Consolidated for the entire Guarantee period as per para D.3 of the G.O.Ms.No.446, Finance (DCM) Dept., Dt.27-08-2003. The KIPCL shall remit the amount to Government to the following Head of account:

“0070 Other Administrative Services – 60 Other Services – MH 800 Other Receipts – SH 08 Commission for guarantee given by Government”.

8. This order issues with the concurrence of Finance (DCM) Department vide their U.O.No.8976-B/18/A1/DCM/2017, Dt.25-01-2017.

9. The Engineer-in-Chief (Irrigation), Hyderabad, shall take necessary action, accordingly.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)**

**DR. SHAILENDRA KUMAR JOSHI  
SPECIAL CHIEF SECRETARY TO GOVERNMENT**

To  
The Engineer-in-Chief (Irrigation), Hyderabad  
The Accountant General, Hyderabad.  
The Director of Treasuries and Accounts, Hyderabad.

**Copy to:**

The PS to Chief Secretary  
The PS to Addl. Secretary to Hon'ble CM.  
The PS to Spl. Chief Secretary to Government, I&CAD Dept.  
The Chief Engineer, Kaleshwaram Project, Hyderabad.  
The Andhra Bank, Hyderabad.  
The Finance (DCM) Department.  
The General Administration (Cabinet) Department.

**// FORWARDED : : BY ORDER //**

**SECTION OFFICER**

**(Contd. To ANNEXURE)**

**ANNEXURE to the G.O.Rt.No.75, I&CAD (Projects-IV) Dept.,Dt.09-02-2017**

**The terms and conditions approved by the Government:**

Facility	Term loan (New)						
Limit	Rs. 660.00 Crores (Rupees Six Hundred and Sixty Crore only) (As our share out of the total debt requirement of Rs. 7400.00 crore under Consortium Arrangement).						
Purpose	For the purpose of part financing an amount of Rs. 7400.00 crore (including IDC) under consortium finance arrangement for LINK I (from Medigadda Barrage on Godavari River to Sripada Yellampally Project) of the Kaleshwaram project with the total project cost of Rs.17,500 Cr. (including IDC)						
Primary Security	First pari-passu charge by way of Hypothecation of assets of Link I of the project created out of term loan along with other member banks in the consortium.						
Collateral Security	Nil						
Guarantee	Unconditional and irrevocable guarantee of the Govt. of Telangana guaranteeing the repayment of principal and interest.						
Margin	20% on overall project cost including interest during construction.						
Rate of Interest	10.00% p.a. (arrived as 1Y MCLR + 0.55%) with monthly rests. Interest is to be serviced as and when debited.						
SCOD	On or before 31.03.2020.						
Repayment	To be repayable in 48 quarterly installments commencing from 30.06.2020. Proposed SCOD/DCCO shall be recorded at the time of documentation based on the certificate of the Corporation.						
	FY ending	No of quarters	% of repayment	Total Repayment		Our TL of Repayment	
				Per Qtr	Year	Per Qtr	Year
	2021	4	6	111.00	444.00	9.90	39.60
	2022	4	6	111.00	444.00	9.90	39.60
	2023	4	8	148.00	592.00	13.20	52.80
	2024	4	8	148.00	592.00	13.20	52.80
	2025	4	8	148.00	592.00	13.20	52.80
	2026	4	8	148.00	592.00	13.20	52.80
	2027	4	8	148.00	592.00	13.20	52.80
	2028	4	8	148.00	592.00	13.20	52.80
	2029	4	10	185.00	740.00	16.50	66.00
	2030	4	10	185.00	740.00	16.50	66.00
	2031	4	10	185.00	740.00	16.50	66.00
	2032	4	10	185.00	740.00	16.50	66.00
	Total	48	100		7400.00		660.00
Upfront Fee	0.075% of the limit plus applicable service tax						
Prepayment charges	Waived						
Guarantor	Unconditional and irrevocable guarantee of the Govt. of Telangana.						

**Other approvals:**

1. Uniform margin of 20% of proposed project cost of Rs.9250.00 crore with D/E ratio of 4:1 against applicable D/E ratio of 3:1 with specific margin based on nature of assets.

2. Waiver of CMA, internal and external credit rating.
3. Finer rate of interest at 10.00% p.a. (arrived as 1 year MCLR + 0.55%).
4. Door to door tenor of 15.3 years comprising implementation period of 3 years and repayment period of 12 years.
5. Concessional upfront fee at 0.075% plus applicable service tax as against the applicable fee of 1%.
6. Waiver of Internal and External due diligence.
7. Waiver of appointing External Agency for monitoring of project execution.
8. Waiver of prepayment premium at 2% of the amount prepaid.
9. Waiver of all other charges including but not limited to documentation charges, TRA maintenance charges, annual review charges, Unit inspection charges etc. except stamp duty which should be borne by the Corporation.
10. Approval of the following Disbursement mechanism at the time of each disbursement for the proposed Consortium Term Finance of Rs. 7400.00 crore.
  - i. Corporation shall submit a request to the Leader Bank of consortium after getting the necessary approvals for payment from Government for payment of the Bill amount.
  - ii. Consortium will release 80% of the bill amount to the credit of TRA account on receipt of 20% of Govt. margin money and total amount will be paid to the Contractors/Vendors as per the request of the Company.
  - iii. Corporation shall submit request letter to Leader Bank with details of expenditure duly incorporating details of Nature of Work, Contractual Value, Amount Already spent and present amount of request for payment in a Statement form. Further, RTGS details of contractor/vendor to be informed.

In case of Corporation has already incurred expenditure, the same may be reimbursed excluding its margin money of 20% subject to:

- i. No expenditure which was incurred prior to the incorporation of the company i.e., 05.08.2016 will be reimbursed.
- ii. Submission of CA certificate certifying that the expenditure is incurred along with details mentioned in point No. 13 (iii) of above.
- iii. CA certificate shall also certify that the same has been incurred from own funds of the corporation and not financed previously by any Bank/FI.
- iv. Company should give undertaking that the same will not be claimed from any other Commercial Bank/FI etc.

#### **Specific Terms and conditions:**

1. State Government shall approve for the proposed borrowing of Rs.7400 Crore, extending Government guarantee along with approval for infusion of 20% of project cost i.e., Rs.1850 Crore as their margin before release of limits under individual documentation.
2. The Corporation shall submit resolution under Sec 180(1) (c) of the Companies Act, 2013 fixing its borrowal limit and certificate of Statutory Auditor shall be submitted to that effect that the proposed borrowing will be within such limit.
3. The Corporation shall submit a certificate regarding date of completion of project before documentation and the same shall be documented as DCCO.
4. The Corporation shall undertake to service the bank loans from the project revenues.
5. The Corporation shall obtain all the statutory and non statutory clearances required for implementation of the project, including environmental clearances, approvals from Central Government agencies before disbursement.

6. The Corporation shall undertake that all the necessary permissions for implementation of the project are in force and will be kept in force during the implementation of the project.
7. The Corporation shall undertake that in the event of reduction in the project cost on account of any savings on account of duties/other taxes, price negotiations or otherwise there would be a prorated reduction in all components of the means of finance.
8. The Corporation shall undertake that in case of any cost overrun in the project cost the same would be met by the Corporation without any recourse to the project lenders.
9. Actual legal expenses incurred by the Lender for documentation, filing of charges, search report etc shall be borne by the Corporation.
10. The Corporation shall arrange for submission of Letter of commitment/Govt order from the Finance Department, Govt of Telangana for contributing to 20% of the project cost (including IDC) as margin and continue the same till the entire o/s with the Bank is cleared.
11. The Corporation shall submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.
12. The Corporation shall furnish an undertaking to furnish periodical progress report of the project to the consortium.
13. The Corporation shall ensure that there are no inter state disputes that affects the progress / implementation of the project.
14. The Corporation shall ensure that necessary land is acquired for smooth implementation of the project.
15. The Corporation shall ensure that project designs are approved by the competent authority.
16. The Corporation shall ensure that all necessary approvals including environmental clearances, approval from Central Government agencies etc., are obtained and are in force.
17. If the amount of Interest During Construction (IDC) increases due to difference in actual draw down schedule the same shall be met by the Corporation and if the IDC decreases, the loan amount will be reduced proportionately. The Corporation shall submit an undertaking to this effect.
18. All the loans availed / to be availed by the corporation from Commercial Banks shall not exceed the envisaged borrowings of Rs.25598 Crores from Commercial Banks.
19. The Corporation shall undertake if the Financial tie up is not completed as envisaged from commercial banks, Institutional financiers and Capital markets the same will be met from the budgetary support of the Government.
20. As and when Corporation avails loans from other Banks/FIs/Development Institutions, the same shall be informed to the consortium.

#### **Account Specific condition:**

If the project fails to take off or stalled for any reasons including but not limited to natural calamities, denial of approvals, lack of clearances from Environmental agencies etc., lenders can invoke the Govt. Guarantee to recover the term loan as per repayment schedule.

#### **Pre-disbursement Conditions:**

1. The limits will be released only after the terms and conditions of the sanction are accepted/acknowledged by the borrower/Guarantors. The Corporation shall submit a letter for having accepted all terms and conditions in toto.
2. The Corporation shall execute the necessary documents as stipulated in our guidelines before availing the limits.

### **Enabling Conditions :**

1. The Corporation shall submit consent letter for disclosure of their names in the defaulters' list, CIBIL Data in the event of default on the part of the borrowers, as per RBI/HO guidelines.
2. Bank reserves its right to alter/cancel and/or modify the credit limits/loans sanctioned and/or terms and conditions stipulated without notice and without assigning any reason thereof.
3. Our Bank reserves the right to rearrange the repayment schedule and to call upon the Corporation to accelerate the payments, if the Corporation's financial position so warrants as per the opinion of the Bank.
4. The rate of interest and margins stipulated are subject to changes from time to time at the sole discretion of the Bank/as per the guidelines of Reserve Bank of India/Government of India/Indian Bankers Association etc.
5. "Any delay in repayment of the loan installments will have adverse impact on credit rating and will affect the credit history of the Borrower".
6. "Default, Fraud, Legal incompetence during the currency of the Limits, Non-Compliance of agreed terms and conditions, Non-submission of required papers for renewal of limits, Overdues in the term loans, any other Irregularities by the Borrower will enable the Bank to Recall the Loan/advance.
7. The Bank will have the right to examine at all times the Corporation's books of accounts and to have the Corporation work-sites / units inspected from time to time by Officer(s) /representative(s) of the Bank and/or qualified Auditors and/or technical experts and/or Management Consultants of the Bank's choice. Cost of such inspections shall be borne by the firm.
8. The Corporation will keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps proposed to be taken.

### **Terms & Conditions applicable to Term Loan :**

#### **a) Right to accelerate the instalments:-**

In case of the commensurating cash flows are more than the projections given by the Corporation, bank has the right to accelerate the instalments.

#### **b) Cost over-runs:**

Borrower shall undertake to meet the cost over-runs if any out of their own resources.

### **Constituent wise – Terms & Conditions**

#### **Terms and Conditions applicable to Limited companies :**

1. The Corporation shall submit all the necessary resolutions required for approaching the bank for the credit facilities and also availing the same.
2. The Corporation shall pass a resolution in EGM of share holders for borrowing above its share capital and free reserves, if any, under Sec.293 (1) (d) of the Corporation's act 1956 for applying and availing the limits to be sanctioned. Corporation to submit a resolution for availing the limits and execution of the loan documents.
3. The Corporation shall file charges with Registrar of Companies within 30 days of documentation and get the same registered.
4. During the currency of bank finance, the Corporation shall not, without bank's permission in writing –
  - a. Effect any change in the Corporation's capital structure.
  - b. Formulate any scheme of amalgamation.
  - c. Implement any scheme of expansion or acquire fixed assets.
  - d. Make investments/advances or deposit amounts with any other concern.
  - e. Enter into borrowing arrangements with any bank/FI/Corporation.
  - f. Undertake guarantee obligations on behalf of any other Corporation.

- g. Declare dividends for any year except out of profits relating to that year.
- h. Change in composition of Corporation's Board of Directors.

**Compliance with all existing guidelines:**

All Other conditions as per Banks guidelines and as modified from time to time are applicable for this sanction.

**Other terms of sanction:**

1. The Corporation shall submit an undertaking letter stating that all the required dues like taxes, duties etc shall be paid as and when they fall due.
2. Any cost escalation of the project shall be borne by the Corporation. The Corporation shall submit an undertaking to this effect from the Corporation

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